Town of Lisbon, Maine

The Office of
Town Manager
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MEMORANDUM

TO:	**Honorable Town Council** **Finance Committee**
FROM:	James A. Bennett, Interim Town Manager
DATE:	March 10, 2026
RE:	**March 5, 2026 Workshop Notes**

Please find the following summary of the comments that I made as well as other information that was not presented at the Thursday, March 5, 2026 Budget workshop.

General comments:

1. The budget was completed this year in a set of integrated spreadsheets. It has advantages that it provides the ability to drive the calculations quickly. It also organizes the information easier to provide more insight into the budget relationship. At the same time, if a link or formula is broken, it will cause mistakes.
2. The absence of a Finance Director, combined with the nearly 100% turnover in the department, there was limited historical knowledge. There was limited details to support many past requests. In addition, some department heads did not take an active role in preparing their budgets in years past.
3. Each and every line item within the budget has a separate worksheet that provides the justification for the request.
4. The budget provides the following information for every expenditure request and each revenue forecast:
    a. The actual amount spent/received in FY24
    b. Budgeted/forecasted revenue for FY25
    c. The actual amount spent/received in FY25
    d. Budgeted/forecasted revenue for FY26
    e. The actual amount spent/received to date in FY26
    f. The projected to be spent/received by year in for FY26
5. Each and every budget document is now available on the Town website. This site will be updated throughout the process. As budget sheets are update, the date of the update will be on the sheets.
6. A so-called tax cheat sheet was provided to the Council. For every $1,030,184 that is spent/reduced the tax rate changes by $1.00. Every time spending/revenues change by $10,030.18, the tax rate changes by $0.10. For the median single family home of $248,750, a $5,000 change in spending results in a $1.21 change in their tax bill.
7. The budget that I submitted on Tuesday, March 3, 2026 is considered the official Town Manager's budget. That budget included a total municipal expenditure of $13,048,460, which

is offset by recommended municipal revenue sharing of $2,055,000 and other non-property tax revenues of $3,366,916 for a net municipal appropriation of $7,626,544. The expectation is that the total taxable value of the community will increase by $4,000,000. Understanding that the TIF, Homestead reimbursement, and BETE reimbursement are adjusted automatically by the MVR form, they are held at the same rate as last year. In addition, the overlay (which is set by the Assessor), the county tax and education appropriation is held at the FY26 appropriation in order to isolate the impact on the tax rate strictly because of the municipal budget. As the budget currently stand, the tax commitment is reduced by $153,907 resulting in a $0.22 reduction (-1.25%).

8. The proposed budget suspends the merit increase program for Non-union employees. A two step COLA has been included for the non-union employees that will impact the wages by 2% for the FY27. It is implemented as a 1.5% on July 1, 2026 and 1% on January 1, 2027.
9. I noted, that in my opinion, there are pay inequities (as measured by my understanding of the marketplace) that exist. I encourage the Council to address this issue sooner than later. However, there are no funds to attempt to implement any changes in FY27.
10. I noted that professional development is always a temptation to reduce during periods of budgetary pressures. While certainly not the deciding factor, I believe the lack of employees actively receiving training and participating in available training has contributed to the issues the community has had the last few years. I encourage you to fund these lines.
11. I noted that there were two non-union positions that were adjusted beyond the COLA.
    a. The Police Lieutenant pay is below the base pay for the Sergeants as a result of the latest Union contract. The position is recommended in the budget to be paid $105,000.
    b. The Assistant Town Manager position was increased to $122,500 as a result of the increases expected with the Town Manager and Finance Director position.
12. In years past, some salaries were divided up between different functions or did not included any additional stipends being paid to the employee. These have been included within the employee's main position so the salary is the total amount paid. These positions are:
    a. The Assessor also serves as the General Assistance Administrator. Her salary used to be divided between the two. It now appears in the Assessor budget in total.
    b. The Fire Chief received a $5,000 stipend to perform as the Health Officer. It is included in his salary in the Fire budget.
    c. The Assistant Town Manager serves as the Emergency Management Agency Director and received $5,000 for that position. It is included in her salary.
13. The request for all full time employees is to fund their annual appropriate at 52.2 weeks instead of 52 weeks. The technical accounting term for this is to treat these on the accrual basis instead of on a cash basis. Since there are 52.2 weeks in the year, every 5th or 6th year, there would be 53 pay periods on a cash basis. This will prevent the need to fund the 53 pay period in any given budget year.
14. All fringe benefits have been moved out of individual department budgets and into a new centralized budget (#18090000). Based on the requested budgeted amount of positions and wages, the actual amount for the employees is included. For all authorized but unfilled positions, full family coverage is funded for health insurance. Each department's fringe benefits are represented in a box on the first page. Those numbers are the actual impacts.
15. The FY26 budget did not include any direct appropriation for capital. The FY27 budget was not drafted with capital funding either. In my opinion, the Town should be appropriating

between $750,000 to $1,000,000 annually for capital. It is likely that the Town will need to phase this in over the next 3-4 years.

16. The Waste Water Treatment Plant (WWTP) historically known as the Sewer Department, budget is not included in the documents received to date. With the return of Steve, the budget (along with capital requests) will be forthcoming, most likely in early April.
17. There will be requested adjustments that will be forthcoming throughout the process as staff continues to work on the information. One example would be the annual fossil fuel bid for the community, which due to be awarded in the next week or so. I would note that the most recent world events may cause us to not lock in.

Revenues:

18. *Excise Tax:* The projected revenue the last three years has been $1,900,000. The last two years, the Town received $1,927,532 and $2,012,373 respectively. The month to month comparison is showing a decline this year of 0.5%. I am suggesting that we us $2,000,025 as the forecast. I am concerned about how accurate the year to date (YTD) numbers are. Another review and potential adjustment will be done in April.
19. *Cable Franchise Fee:* this is paid by cable tv users on cable services only (not on the internet). The FY26 budget projected to receive $83,805 (I assumed was what received in FY25). The payment is made once a year. The Town received $55,429. At the time of the presentation, the FY24 and FY25 information was not readily available. I have projected $52,500 for FY26. This may be a bit of push given the alternatives that are available and consumer behavior.
20. *State Municipal Revenue Sharing:* Revenues to the Town from the state are declining significantly in FY27. This is directly related to the Dingley Press TIF coming off the books in FY25. That TIF sheltered $19,389,720 in value. It generated $447,902.53 in FY24. As you may recall from my presentation in January, the sheltering factor that of the TIF allows the community to get higher amounts in State aid to education, municipal revenue sharing and reduces the amount paid in County taxes. When the value comes off the books, the opposite occurs. There is a two to three year delay for the impacts. In FY26, the state projected Lisbon would receive $2,357,347. For the upcoming year, the state forecast is $2,052,610. Unless the economy takes an unexpected downturn, the state projection is conservative. I have included a forecast of $2,055,000. The historical numbers since the fall of 2025 may be questionable given how the electronic activities have been handled from an accounting perspective. I will revisit the forecast in April prior to the adoption the budget.
21. *WWTP Administrative Charge:* The administrative charges from other funds appears to be primarily to cover benefits (health insurance) being grouped with the Town's accounts. The prepared FY27 budget does not include any benefits for any employees that are not specifically employed in those departments. The general fund provides all of the administrative functions for WWTP (all financials, legal, executive leadership, HR, etc.). The current $22,500 charge does not cover those cost. By default, the property taxpayers are paying more to keep the sewer rates lower. I have increased the recommended administrative charge to $75,000 for the coming year. It is likely to demand an increase in the sewer rates.
22. *WWTP Benefit Charge:* None in the general fund budget; all being charged directly in the WWTP budget.

23. *Water Department Administrative Charge:* Not certain what this was for. Researching with LWD now. It appears to be directly related to benefit issue. The amount was left the same at $17,530. It may be reduced once we understand what it was used for.
24. *Investment Income:* As a direct result of the lack of a Finance Director and related staff, no idle funds have been invested into legally allowed investments (US back securities, i.e., jumbo CD's, treasuries). The 'sweep'[1] account has a very low return. The $300,000 projection will not be meant this year. With the decline of the fund balance, there will be less available funds to invest. Assuming the staffing situation is resolved, I am projecting $275,000. This forecast will also be reviewed in April.
25. *General Assistance Reimbursement:* Maine municipalities receive 70% of every dollar spent directly for a GA client from the State. In FY26, the GA payments were projected to be $70,000. The corresponding revenue at the level should have been $49,000. The budget projected $69,991. This guaranteed a $20,991 shortfall. The GA budget is forecasting $40,600. As a result, the reimbursement will be $28,000.
26. *Maine Criminal Justice Academy Reimbursement:* The Town has budgeted to receive $11,000 for several years. This only would occur ***if*** an existing law enforcement officer that recently went to the academy was to leave the Town and be hired by another Maine department. In those cases, the new Town would have to pay Lisbon for the investment that was made to put the person through the academy. Only in FY25 did this occur. This is not a revenue that should be forecasted.
27. *Lisbon Emergency Dispatch Charge:* This has been increased to $12,000 to reflect the true cost. Approximately 35% of that cost is covered by other communities.
28. *Local Road Assistance:* This has been left the same as the last year $120,000. I will need to verify.
29. *Downtown TIF Transfer:* $50,000 was transferred from the Downtown TIF in FY26 to pay for the winter operations. This is not allowed in the terms of the TIF as approved by the State. The transfer will not occur. There is no recommendation to use the money in the FY27 accordingly.
30. *Solid Waste Permits:* The Town has historically budgeted for higher expect amounts in this line than received (FY24: $182,000 vs $141,561; FY25: $182,00 vs $144,704; FY25 $150,000 vs $127,798). In FY26 the budgeted amount was $150,000. YTD the Town has only received $127,798. The forecast for FY27 is $132,500, which still may be too high.
31. *Downtown TIF Transfer Part II:* $37,7298 is transferred to cover the $10,000 that is given to Discover Lisbon with the balance to cover some of the cost of the part time employee in the DECD budget.

Expenses:

32. *Finance:* The increase in wages is directly related to the higher expectations for the Finance Director and the Comptroller positions. Professional services in FY26 was budgeted at $50,000. There is not a clear understanding of the intent of the funds.4. In FY27, it is reduced to $35,800 to cover the payroll service, outside preparation of certain IRS forms and limited outside accounting services. I have recommended some increase in professional development and dues because our new Finance Director is a CPA.

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[1] Sweep account is an when idle cash is moved automatically every day from the Town's checking account into a interest bearing account.

33. *Town Council:* reduction is directly related to the decision by the members last year to reduce their stipends.
34. *Town Manager:* The wages are up because the anticipated increase in pay driven by the market for Town Manager. There will also be a recommendation to reduce the audit line by $29,750 to reflect the costs that will be paid by the School Department and WWTP.
35. *Legal Services:* Reduced by $5,000. $7,500 is estimated to be used to support the Charter Commission; the balance ($57,500) for general support. Suggestion to continue the new policy that Town DH's must get prior approval from TM to initiate conversation with Attorney.
36. *Town Clerk:* The major issue is the amount to be funding for historical preservation ($18,500 vs $2,500)
37. *Assessing:* Funding for a future equalization of property assessments (revaluation) is reduced from $50,000 to $25,000.
38. *Liability Insurances:* The budget line is up. One or more of the individual lines may have been budgeted in other parts of the FY26 budget. This year all funds.
39. *Technology:* This is one of the budgets that we expect will go down. It does not appear that anyone was actively managing this account. We believe that we are paying for services that we do not use or could go without. Sarah is actively investigating these.
40. *Town Buildings:* This is probably one of the areas that has been significantly underfunded for many years. With the exception of the Town Hall, all of the buildings are very old and have not seen any significant investment. There was a process to make recommendations for new public safety building. That is on hold. There is only $40,000 to deal with repair/maintenance of equipment within the Town buildings and $32,000 for the buildings themselves.
41. *General Assistance:* as noted earlier, the direct support is reduced by $29,400.
42. *Police:* A last minute adjustment to the major personnel sheet that lists all employees (along with the full benefit impacts) caused some of higher account numbered budgets to report some of the wage lines to incorrectly in the wage detail sheets. A collective $71,831 reduction is needed. The wages are up per the union contract that was approved in previous year.
43. *Fire Department:* The Town, meaning predominantly, the Town Council, should adopt a specific plan for the next 3 to 5 years for Emergency Medical Services (EMS). It is clear to me that Lisbon Emergency and the Fire Department were operating as competing businesses while appearing to work together on calls. To that end, I have directed the Fire Chief to staff the Fire Station 24/7 with two employees (1 union and 1 per diem). Their primary responsibility is to make sure we can roll the initial fire suppression vehicles to calls. In addition, they will roll to EMS emergency calls that either will require additional support, are life threatening and/or will arrive prior to Lisbon Emergency. Once the patient care has been established by Lisbon Emergency and they are no longer needed, they are to return to the fire station to assume their fire suppression responsibilities. Staffing is funded to represent this directive. In addition, new equipment line intended for the new truck has been eliminated ($45,000). Funding is recommended to come from the reserve account for that purpose.
44. *Animal Control Officer:* A $44,404 adjustment will be needed to correct the impact of the spreadsheet issue
45. *Communications:* The Chief has been working on alternatives to dispatch. If the Council desires, he will be able report during your first deliberation process in April what he has found.
46. *Public Works Department:* Only reflects 6 operators in FY26 not the 7 everyone assumed was funded. It should be noted that the PWD union contract expires on 6.30.26. No adjustments have been added.

47. *Public Works Winter Operation:* It did not reflect the reduction of the $25,000 in seasonal wages in exchange for the assignment of the full time parks personnel to PWD for 18 weeks (net impact of $7,277 increase). Does not include the funding for the $50,000 for outside contractor to do the sidewalks.
48. *Solid Waste:* Reduces the funding for tipping fee by $25,000 from the FY26 level of $310,000. There is more potential for reductions with other changes to operations.
49. *Street Lights & Hydrant Rental:* The hydrant rental number was not included. That number is $682,978 that will need to be added back in.
50. *Parks & Recreation:* Only includes the administrative functions of Parks & Rec. All of the programs have been moved out of the budget, along with the revenue. There is proposed to be a $45,000 transfer from the programs to support property taxes. The senior coordinator is retiring in June. That position has not been included in the FY27 budget. In addition, 18 weeks of the Parks personnel is now budgeted for PWD Winter operations. Minor budget adjustments needed because of errors in spreadsheet.
51. *Interagencies:* this budget includes all payments/contributions to other municipal partners that we support that assists the Town.
52. *Social Services:* This is a new budget that contains any requests for donations to support social services agencies and others. It also includes $275,000 to pay for the Senior Tax Credit program.
53. *Contingency:* New budget item to be available in the event of an emergency or something goes drastically wrong during the year; matched with a $100,000 transfer from fund balance on revenue side. Hence, it does not impact that tax rate. Provides some comfort so that department heads do not have to plan on the worse case scenario.
54. *Fringe Benefits:* This includes all of the fringe benefit impacts for all budgets that are included in the general fund only. I will have for you an analysis of how this compares from FY26 in simpler form forthcoming.
55. *Debt:* This is reduced by two items. First the 2004 road bond was paid off in FY26. Second, the FY26 had included funding to pay for the debt for Borrough Rd. This presuming will not be issued into the fall of 2027